



STATE OF CONNECTICUT

INSURANCE DEPARTMENT

NOTICE OF INTENT TO ADOPT REGULATION

In accordance with section 4-168(a) of the Connecticut General Statutes, notice is hereby given that the Insurance Commissioner, pursuant to the authority of sections 38a-41 of the Connecticut General Statutes, proposes to adopt a regulation concerning Stop Loss Insurance .

Statement of Purpose: The purpose of this regulation is to establish criteria for the issuance of stop loss insurance policies in Connecticut.

Stop Loss Insurance

SECTION 1

The Regulations of Connecticut State Agencies are amended by adding sections 38a-41-7 to 38a-41-10, inclusive, as follows:

(NEW) Section 38a-41-7 Purpose

The purpose of sections 38a-41-7 to 38a-41-10, inclusive, of the Regulations of Connecticut State Agencies is to establish criteria for the issuance of stop loss insurance policies. Nothing in sections 38a-41-7 to 38a-41-10, inclusive, of the Regulations of Connecticut State Agencies shall be construed as imposing any requirement or duty on any person other than an insurer or as treating any stop loss policy as a direct policy of health insurance.

(NEW) Section 38a-41-8 Definitions

As used in sections 38a-41-7 to 38a-41-10, inclusive, of the Regulations of Connecticut State Agencies:

(1) "Actuarial certification" means a written statement by a member of the American Academy of Actuaries, or other individual acceptable to the commissioner, that an insurer is in compliance with the provisions of sections 38a-41-7 to 38a-41-10, inclusive, of the Regulations of Connecticut State Agencies, based upon the individual's examination and including a review of the appropriate records and the actuarial assumptions and methods used by the insurer in establishing attachment points and other applicable determinations in conjunction with the provision of stop loss insurance coverage;

(2) "Attachment point" means the claims amount incurred by an insured group beyond which the insurer incurs a liability for payment;

(3) "Expected claims" means the amount of claims that, in the absence of a stop loss policy or other insurance, are projected to be incurred by an insured group through its health plan;

(4) "Insurer" means "insurer" as that term is defined in section 38a-1 of the Connecticut General Statutes; and

(5) "Small employer" means "small employer" as that term is defined in section 38a-564 of the Connecticut General Statutes.

(NEW) Section 38a-41-9 Stop loss insurance coverage standards

(a) An insurer shall not issue a stop loss insurance policy that:

- (1) has an attachment point for claims incurred per individual that is lower than \$10,000; or
- (2) has an annual aggregate attachment point, for a small employer, that is lower than the greater of:
 - (A) \$6,000 times the number of employees;
 - (B) 120 percent of expected claims; or
- (3) has an annual aggregate attachment point for a group that is not a small employer that is lower than 110 percent of expected claims; or
- (4) provides direct coverage of health care expenses of an individual.


(b) An insurer shall determine the number of persons in a group, for the purposes of this subsection, on a consistent basis, at least annually.

(NEW) Section 38a-41-10 Actuarial Certification

An insurer shall file with the commissioner annually on or before March 15, an actuarial certification certifying that the insurer is in compliance with sections 38a-41-7 to 38a-41-10, inclusive, of the Regulations of Connecticut State Agencies. The certification shall be in a form and manner, and shall contain information, specified by the commissioner. A copy of the certification shall be retained by the insurer at its principal place of business.

Statement of purpose: The purpose of this regulation is to establish criteria for the issuance of stop loss insurance policies in Connecticut.

All interested persons are invited to submit written data, views or arguments in connection with the proposed action within thirty days following publication of this notice in the Connecticut Law Journal to the State of Connecticut, Insurance Department, Attention: N. Beth Cook, Counsel, P.O. Box 816, Hartford, CT 06142-0816.


Susan F. Cogswell
Insurance Commissioner